



Fulum Group Holdings Limited 富臨集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 1443

真誠真味

富臨皇宮
FULUM PALACE

한라산 불고기
韓山時肉

富臨酒家
Fulum Restaurant

陶源酒家 (鮑魚專門店)
Sportful Garden Restaurant

正冬 火鍋料理
Winter Steam Pot Restaurant

먹방 불고기
炒八韓烤

富臨
fulum

ROYAL ONE
皇室①號
PLEASANT PALACE
禧臨門

富臨 漁港
Fulum Fisherman's Wharf Restaurant

2015 Interim Report
中期報告

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CORPORATE INFORMATION

BOARD OF DIRECTORS EXECUTIVE DIRECTORS

Mr. YEUNG Wai (*Chairman and Chief Executive Officer*)
Mr. YEUNG Yun Chuen
Mr. YEUNG Yun Kei
Mr. LEUNG Siu Sun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. FAN Chun Wah Andrew
Mr. LOCK Kwok On Anthony
Mr. WU Kam On Keith

COMPANY SECRETARY

Mr. NG Kam Tsun Jeffrey

AUTHORISED REPRESENTATIVES

Mr. YEUNG Wai
Mr. NG Kam Tsun Jeffrey

MEMBERS OF AUDIT COMMITTEE

Mr. WU Kam On Keith (*Chairman*)
Mr. FAN Chun Wah Andrew
Mr. LOCK Kwok On Anthony

MEMBERS OF NOMINATION COMMITTEE

Mr. FAN Chun Wah Andrew (*Chairman*)
Mr. LOCK Kwok On Anthony
Mr. YEUNG Wai

MEMBERS OF REMUNERATION COMMITTEE

Mr. LOCK Kwok On Anthony (*Chairman*)
Mr. FAN Chun Wah Andrew
Mr. YEUNG Wai

MEMBERS OF EXECUTIVE COMMITTEE

Mr. YEUNG Wai (*Chairman*)
Mr. YEUNG Yun Chuen
Mr. YEUNG Yun Kei
Mr. LEUNG Siu Sun

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

CORPORATE HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15/F., Luk Hop Industrial Building
8 Luk Hop Street, San Po Kong
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited
Bank of China (Hong Kong) Limited

AUDITORS

Ernst & Young
Certified Public Accountants

LEGAL ADVISER AS TO HONG KONG LAWS

Pang & Co. in association with Loeb & Loeb LLP

COMPLIANCE ADVISER

Fortune Financial Capital Limited

STOCK CODE

The Stock Exchange of Hong Kong Limited
01443

WEBSITE

www.fulumgroup.com

HIGHLIGHTS

- Revenue was approximately HK\$1,308.8 million (corresponding period in 2014: approximately HK\$1,159.1 million), representing an increase of approximately 12.9%
- Gross profit margin was at 70.5% (corresponding period in 2014: 68.5%), representing an increase of 2 percentage points
- Earnings before interest, tax, depreciation and amortisation was approximately HK\$82.1 million (corresponding period in 2014: approximately HK\$88.1 million), representing a decrease of approximately 6.7%
- Profit for the period and attributable to owners of the Fulum Group Holdings Limited (the "Company", together with its subsidiaries, the "Group") was approximately HK\$27.4 million (corresponding period in 2014: approximately HK\$40.1 million), representing a decrease of approximately 31.6%
- Basic earnings per share was HK2.11 cents (corresponding period in 2014: HK4.11 cents), representing a decrease of approximately 48.7%
- The guest count was approximately 13.9 million (corresponding period in 2014: approximately 12.5 million), representing an increase of approximately 11.2%
- The gearing ratio of the Group was down to approximately 2.4% (31 March 2015: approximately 5.7%)
- The directors of the Company (the "Directors") do not recommend the payment of any dividends in respect of the six months ended 30 September 2015 (the "Reporting Period") (corresponding period in 2014: Nil)

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

For Hong Kong market, due to the reduction in the number of mainland visitors under the Individual Visit Scheme, the domestic retail market became more sluggish during the period. As a “barometer” to reflect the picture of Hong Kong’s economy, the catering market was affected inevitably, especially for the mid-to-high end catering industry, which is at the stage of integration. However, the demand for the mass catering market, which is the Group’s principal business, remains stable. According to the “Quarterly Survey of Restaurant Receipts and Purchases” for the third quarter of year 2015 released by the Census and Statistics Department of Hong Kong, the overall total receipts of the restaurants in Hong Kong in the first three quarters of year 2015 amounted to approximately HK\$26.2 billion, representing an increase of approximately 3.3% on a year-on-year basis. Therefore, the Group expects that the overall catering industry in Hong Kong will continue to grow steadily in the future.

Generally speaking, the domestic catering industry faces difficulties of the high magnitude in three areas, namely rents, salary and cost of food ingredients. Benefiting from the depreciation of Renminbi, the price of food ingredients increased slowly during the period. The supply and cost of raw materials remained relatively stable during the period. In addition, the overall rental level in Hong Kong showed a sign of downward movement, which is advantageous to the Group’s future expansion and development. The Group will continue to monitor changes in the market, strictly control the quality and operating costs, and proactively grasp opportunities for development.

For the PRC market, China’s economy is currently undergoing transformation, for which the proportion of the tertiary industry is increasing. Together with the scale of urbanisation and income per capita being increased steadily, the catering industry has shown full potentials and opportunities in terms of development. Among which, the high-end catering is under significant impact of austerity measures on combating corruption, the “Eight-point code” (八項規定) imposed by the central government of the PRC.

However, the mass catering positioned by the Group was still benefited from strong market demand. According to the “Report on Survey of Catering Consumption 2014” (2014年餐飲消費調查報告) released by China Cuisine Association, the demand for the private social gatherings such as gathering of friends and families and datings accounted for approximately 80% of the total demand of catering consumption, which was the largest recovering driver of the whole industry. Besides, mass catering was emphasised by the central government of the PRC, which is an important part for the realisation of safeguarding and improving the people’s living standards, expanding domestic demand as well as promoting employment. Further to the “Guidance on Accelerating Developing Mass Catering” (加快發展大眾化餐飲的指導意見) released by the Ministry of Commerce of the PRC in May 2014 which proposed to increase the proportion of mass catering from the current ratio of approximately 80% to 85%, the “Measures for the Administration of Business Operations of Catering Industry (for Trial Implementation)” (餐飲業經營管理辦法(試行)) promulgated subsequently aroused public discussion. Ultimately, consumers in general showed respect and understanding on the practice of changing service charges in the catering industry. Under the impact of both the market and policy, the catering industry in China is returning to the right track of the market with ongoing restructuring.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Despite the current stagnant retail market in Hong Kong, as an enterprise rooted in Hong Kong, the Group is still confident in the catering market in the long run. During the period, the Group continued to implement aggressive strategy by establishing more restaurants and diversifying the themes of restaurants. The Group is endeavour to seek innovation and capture the demand for local catering market by launching different restaurants under the "Fulum Concept" (富臨概念) main line, including "MeokBang Korean BBQ & Bar" (妹八韓烤) specialising in Korean barbecue, "Mount Hallasan BBQ" (漢孛山烤肉) specialising in Korea Jeju cuisine and "Winter Yutango Restaurant" (正冬魚塘公) specialising in grilled fish, together with "Royal One" (皇室①號) under the "Fulum" (富臨) main brand specialising in wedding banquets, in order to attract more young customers.

During the period, the Group has opened 2 restaurants under the "Fulum" (富臨) main brand and 6 restaurants under the "Fulum Concept" (富臨概念) main line in Hong Kong. As at 30 September 2015, the Group has a total of 69 restaurants in Hong Kong, among which, 42 restaurants are under the "Fulum (富臨)" main brand, 10 restaurants are under the "Sportful Garden" (陶源) main brand and 17 restaurants are under the "Fulum Concept" (富臨概念) main line.

For the PRC market, the Group opened a new "Fulum Palace" (富臨皇宮) restaurant in Zhuhai during the period. Together with the "Fulum Palace" (富臨皇宮) restaurant opened in Guangzhou, the Group has a total of 2 restaurants in China. Both of them are located in the residential areas with dense population so as to meet the public demand for Chinese cuisine and wedding venues within the regions.

The following table sets forth the number of restaurant by business for the periods indicated.

	As at 30 September	
	2015	2014
<i>Number of restaurants (As at 30 September)</i>		
"Fulum" (富臨) main brand	44	36
"Sportful Garden" (陶源) main brand	10	10
"Fulum Concept" (富臨概念) main line	17	9
	71	55

Furthermore, the Group has introduced a customer loyalty membership card programme in June 2015 with the pilot testing in the business of "Sportful Garden" (陶源) main brand in Hong Kong for our loyal customers to accumulate credit points apart from offering immediate discount benefits in order to encourage their frequent visits. As at 30 September 2015, the number of members exceeded 10,000.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW REVENUE

The total revenue of the Group increased by approximately 12.9%, or approximately HK\$149.7 million, from approximately HK\$1,159.1 million for the six months ended 30 September 2014 (the "Previous Reporting Period") to approximately HK\$1,308.8 million for the Reporting Period. The Group's businesses are mainly restaurant operations, and sale of food and other operating items.

Revenue from restaurant operations increased by approximately 13.6%, or approximately HK\$152.5 million, from approximately HK\$1,118.4 million for the Previous Reporting Period to approximately HK\$1,270.9 million for the Reporting Period. The increase was mainly due to the opening of new restaurants. The following table sets forth the breakdown of our revenue and % change from restaurant operations by line of business for the periods indicated.

	Six months ended 30 September		% Change
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	
<i>Restaurant operations</i>			
"Fulum" (富臨) main brand	979,913	880,298	11.3
"Sportful Garden" (陶源) main brand	166,851	167,183	(0.2)
"Fulum Concept" (富臨概念) main line	124,102	70,962	74.9

Revenue from sales of food and other operating items decreased by approximately 6.6%, or approximately HK\$2.7 million from approximately HK\$40.7 million for the Previous Reporting Period to approximately HK\$38.0 million for the Reporting Period. The decrease was mainly due to the decrease in sales of processed or semi-processed food ingredients to certain restaurants then owned by our controlling shareholder.

OTHER INCOME AND GAINS

Other income and gains increased by approximately 30.2%, or approximately HK\$2.4 million from approximately HK\$8.0 million for the Previous Reporting Period to approximately HK\$10.4 million for the Reporting Period. The increase was mainly due to the increase in interest income in respect of the Renminbi time deposit which amounted to approximately HK\$3.8 million.

COST OF INVENTORIES SOLD

The cost of inventories sold by the Group increased by approximately 5.7%, or approximately HK\$20.8 million from approximately HK\$365.7 million for the Previous Reporting Period to approximately HK\$386.5 million for the Reporting Period. The cost of inventories sold increased at a lower rate than the increase in revenue (approximately 12.9%) for the Reporting Period principally because the efficiency of the Group's production was improved through the further utilisation of its central kitchen and logistics centre.

MANAGEMENT DISCUSSION AND ANALYSIS

GROSS PROFIT

Gross profit (Gross profit equals revenue minus cost of inventories sold) increased by approximately 16.3%, or approximately HK\$129.0 million from approximately HK\$793.4 million for the Previous Reporting Period to approximately HK\$922.4 million for the Reporting Period. The increase was mainly due to the contribution from new restaurants.

GROSS PROFIT MARGIN

The gross profit margin (Gross profit margin equals gross profit divided by revenue multiplied by 100%) of the Group for the Reporting Period and the Previous Reporting Period were at approximately 70.5% and 68.5%, respectively. The increase was mainly due to effective cost control through further utilisation of the Group's central kitchen and logistics centre.

STAFF COSTS

The staff costs for the Reporting Period and the Previous Reporting Period were approximately HK\$426.5 million and HK\$359.1 million respectively, representing approximately 32.6% and 31.0% of the respective periods' revenues. The increase in overall staff costs was mainly due to the increase in the Group's headcounts and a general increase in salary levels.

PROPERTY RENTALS AND RELATED EXPENSES

The property rentals and related expenses increased by approximately 31.9%, or approximately HK\$54.7 million, from approximately HK\$171.5 million for the Previous Reporting Period to approximately HK\$226.2 million for the Reporting Period. The increase was mainly due to the increase in the number of restaurants of the Group during the Reporting Period.

OTHER EXPENSES

Other expenses increased by approximately 9.1%, or approximately HK\$8.8 million, from approximately HK\$97.7 million for the Previous Reporting Period to approximately HK\$106.5 million for the Reporting Period. The increase was mainly due to the exchange loss on deposits denominated in Renminbi of approximately HK\$5.1 million during the Reporting Period.

FINANCE COSTS

The finance costs amounted to approximately HK\$450,000 for the Reporting Period and approximately HK\$674,000 for the Previous Reporting Period. The decrease in finance costs was primarily due to the decrease in lending rate.

INCOME TAX EXPENSE

The effective tax rate decreased from approximately 23.3% for the Previous Reporting Period to approximately 15.6% for the Reporting Period, primarily as a combined result of the one-off listing expenses which were not tax deductible for the Previous Reporting Period and the recognition of deferred tax assets during the Reporting Period.

PROFIT FOR THE PERIOD AND ATTRIBUTABLE TO OWNERS OF THE COMPANY

As a result of the factors discussed above, the profit for the period and attributable to owners of the Company decreased by approximately 31.6%, or approximately HK\$12.7 million, from approximately HK\$40.1 million for the Previous Reporting Period to approximately HK\$27.4 million for the Reporting Period. The decrease was mainly affected by the higher costs of labour and property rentals during the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

We funded our liquidity and capital requirements primarily through cash inflows from operating activities. As at 30 September 2015, we had approximately HK\$595.7 million in cash and bank balances available. At as 30 September 2015, the current ratio of the Group was approximately 2.9 (31 March 2015: approximately 2.9).

As at 30 September 2015, the gearing ratio (being the total of finance lease and interest-bearing bank borrowings divided by total equity attributable to the owners of the Company) of the Group decreased to approximately 2.4% (31 March 2015: approximately 5.7%).

CHARGES ON GROUP ASSETS

As at 30 September 2015, the Group's certain assets with carrying amount in aggregate of approximately HK\$2.4 million (31 March 2015: approximately HK\$2.4 million) were pledged to secure its guarantee for a rental deposit.

CONTINGENT LIABILITIES

As at 30 September 2015, we had contingent liabilities not provided for in the condensed consolidated financial statements in the amount of approximately HK\$57.0 million (31 March 2015: approximately HK\$43.4 million) in relation to bank guarantees given in lieu of rental and utility deposits.

CAPITAL EXPENDITURE AND COMMITMENT

The capital expenditure during the Reporting Period was primarily related to expenditures on additions and renovation of property, plant and equipment for our central kitchen and logistics centre and new restaurants and maintenance of existing restaurants.

The capital commitments were related to leasehold improvements and equipment for our restaurants and our intangible assets.

Details of capital expenditure and commitment are included in notes 10 and 16 to the unaudited interim condensed consolidated financial statements of this Interim Report.

MATERIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES

During the Reporting Period, there was no material acquisition or disposal of subsidiaries undertaken by the Group.

FOREIGN CURRENCY EXPOSURE

The Group's exposure to the risk of changes in foreign exchange rates relates preliminary to the Group's operating activities (to the extent that revenue or expenses are denominated in a currency that is different from the functional currency of the relevant subsidiaries of the Group). None of the Group's purchase during the Reporting Period was denominated in currencies other than the functional currency of the relevant subsidiaries.

The Group's assets, liabilities and transactions are mainly denominated in Hong Kong dollars. Certain of the Group's time deposits are denominated in Renminbi ("RMB") which is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business. The Directors of the Company are of the view that the Group's operating cash flow and liquidity are not subject to significant foreign exchange rate risks and therefore no hedging arrangements were made. However, the Group will review and monitor the relevant foreign exchange exposure from time to time based on its business development requirements and may enter into foreign exchange hedging arrangements when appropriate.

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN RESOURCES

As at 30 September 2015, the Group had approximately 4,900 employees in Hong Kong. We believe that in hiring, motivating and retaining qualified employees are crucial to our success as a restaurant operator. During the Reporting period, we have conducted a series of standardised training and advancement programs for all our staff, from serving staff, cashiers, floor managers, chefs, restaurant managers to district managers. These training programs intend to ensure that all new staff are equipped with the skills required for their positions. The advancement programs can provide our staff with clear advancement guidelines and promote employees' satisfaction. The Group offers competitive remuneration packages to its employees, including basic salary, allowances, insurances and commissions/bonuses.

In addition, the Group also adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and a post-IPO share option scheme (the "Share Option Scheme") (collectively, the "Schemes"), where eligible employees are entitled to subscribe for the ordinary shares in the Company for their past and potential contribution to the growth of the Group. As at 30 September 2015, 49,000,000 options were outstanding under the Pre-IPO Share Option Scheme and no share options under the Pre-IPO Share Option Scheme have been exercised during the Reporting Period. Also, as at 30 September 2015, no options have been granted or agreed to be granted pursuant to the Share Option Scheme.

PROSPECTS AND OUTLOOK

Looking forward, despite the fact that Hong Kong's economy is expected to be uncertain under the impact of unstable external factors, the Group is still confident in the overall catering market and will continue to adopt aggressive strategy to open more new restaurants and develop diversified brands. During the year ending 31 March 2016, it is expected that the Group will open 7 new restaurants in Hong Kong so as to seize a larger market share. "MeokBang Korean BBQ & Bar" (焗八韓烤) under the "Fulum Concept" (富臨概念) main line will be one of the featured restaurants under the expansion plan of the Group. Apart from self-owned brands, the Group is proactively identifying suitable overseas partners and considering the introduction of well-known foreign restaurant brands by way of franchise operation.

Moreover, the gradual decrease of the overall rental level in Hong Kong can help the Group identify prime sites to open more new restaurants so as to achieve higher returns.

For the PRC market, leveraging on the public's inelastic demand for catering, it is expected that the overall catering market will continue its healthy development. As a result, the Group is optimistic towards the long-term development of the overall catering market. The Group plans to open a "Fulum Palace" (富臨皇宮) restaurant in Fuzhou City in Fujian Province during the year ending 31 March 2016 in order to proactively enhance the brand recognition of Fulum Group and expand its customer base.

The Group will proactively look for the opportunity of mergers and acquisitions in the future. The Group will continue to assess Hong Kong and China dining habits and trends. Meanwhile, the Group is identifying suitable targets including restaurants and catering related businesses for mergers and acquisitions in order to strengthen the business of the Group, making Fulum Group a diversified catering kingdom.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE CODE

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange. For the Reporting Period, save for the deviation from code provision A.2.1 of the CG Code, the Board considered that the Company has complied with the code provisions set out in the CG Code.

Pursuant to code provision A.2.1 of the CG Code, the roles of the chairman (the “Chairman”) and the chief executive officer (the “Chief Executive Officer”) of the Company should be separated and should not be performed by the same individual. For the Reporting Period, the Company did not have a separate Chairman and Chief Executive Officer, with Mr. YEUNG Wai (楊維) performing these two roles, as Mr. YEUNG Wai (楊維) has in-depth experience and knowledge of the Group and its businesses. The Board is of the view that his appointment into the dual roles as the Chairman and the Chief Executive Officer is in the best interest of the Group in order to ensure continuity of leadership and efficiency in formulation and execution of corporate strategies, and that there is adequate balance of power and authority in place.

The Board is committed to maintain a high standard of corporate governance practices to safeguard the interests of the shareholders of the Company, and to enhance corporate value and accountability. These objectives can be achieved by an effective Board, segregation of duties with clear responsibility, sound internal controls, appropriate risk assessment procedures and transparency to all the Company’s shareholders.

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct (the “Code of Conduct”) regarding Directors’ securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. Based on responses of specific enquiries made with the Directors, all of the Directors have confirmed that they have complied with required standards as set out in the Model Code and Code of Conduct throughout the Reporting Period.

AUDIT COMMITTEE

The Company has established the Audit Committee on 28 October 2014 which comprises three independent non-executive Directors, namely Mr. WU Kam On Keith (鄔錦安) (chairman), Mr. LOCK Kwok On Anthony (駱國安) and Mr. FAN Chun Wah Andrew (范駿華), all of whom possess extensive experience in financial and general management. The Audit Committee has also adopted written terms of reference which clearly set out its duties and obligations for ensuring compliance with the relevant regulatory requirements.

The Audit Committee has discussed the accounting principles and practices adopted by the Company with the management of the Company and has reviewed the unaudited interim condensed consolidated financial statements of the Group for the Reporting Period.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2015, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director	The Company/ name of associated corporation	Capacity/ nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Mr. Yeung Wai	The Company	Interest controlled jointly with another person (Note 2)	926,675,000 Shares (L) (Note 3)	71.28%
Mr. Yeung Yun Chuen	The Company	Interest controlled jointly with another person (Note 2)	926,675,000 Shares (L) (Note 3)	71.28%
Mr. Yeung Yun Kei	The Company	Interest controlled jointly with another person (Note 2)	926,675,000 Shares (L) (Note 3)	71.28%
Mr. Leung Siu Sun	The Company	Beneficial owner	70,625,000 Shares (L) (Note 4)	5.43%

Notes:

- The letter "L" denotes the person's long position in the shares and underlying shares of the Company or the relevant associated corporation.
- Mr. Yeung Wai, Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei, being our executive Directors, are siblings, associates of each other under the Listing Rules and are deemed to be persons acting in concert under the Codes on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong. As such, each of Mr. Yeung Wai, Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei is deemed to be interested in all the Shares in which the others are interested.
- These interests consist of 908,375,000 Shares and 18,300,000 underlying Shares ("Share Option Shares") comprised in the options granted to Mr. Yeung Wai, Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei pursuant to the Pre-IPO Share Option Scheme. (i) In respect of the 908,375,000 Shares, 272,025,000 Shares were held by Mr. Yeung Yun Chuen, 184,275,000 Shares were held by Mr. Yeung Yun Kei, and 452,075,000 Shares were held by China Sage International Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Yeung Wai; (ii) in respect of the 18,300,000 Share Option Shares, 8,300,000 Share Option Shares, 6,000,000 Share Option Shares and 4,000,000 Share Option Shares were granted to Mr. Yeung Wai, Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei, respectively. As described in Note 2 above, each of Mr. Yeung Wai, Mr. Yeung Yun Chuen and Mr. Yeung Yun Kei is deemed to be interested in these 908,375,000 Shares and 18,300,000 Share Option Shares held by them in aggregate.
- These interests consist of 66,625,000 Shares and 4,000,000 Share Option Shares granted to Mr. Leung Siu Sun.

Save as disclosed above, as at 30 September 2015, none of the Directors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register that was required to be kept pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2015, the interests or short positions of the persons, other than Directors or chief executive of the Company, in the Shares and underlying Shares of the Company, as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

Name of Shareholder	Capacity/ nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding in the Company
Ms. Lam Man Ki, Elane	Interest of spouse (Note 2)	926,675,000 Shares (L)	71.28%
Ms. Yung Yuk Ling	Interest of spouse (Note 3)	926,675,000 Shares (L)	71.28%
Ms. Hui Lin Na	Interest of spouse (Note 4)	926,675,000 Shares (L)	71.28%
China Sage International Limited	Beneficial owner (Note 5)	452,075,000 Shares (L)	34.78%
Ms. Leung Siu Kuen	Interest of spouse (Note 6)	70,625,000 Shares (L)	5.43%

Notes:

1. The letter "L" denotes the person or entity's long position in the shares and underlying shares of the Company.
2. Ms. Lam Man Ki Elane was deemed to be interested in all the Shares in which Mr. Yeung Wai, her spouse, was interested by virtue of the SFO.
3. Ms. Yung Yuk Ling was deemed to be interested in all the Shares in which Mr. Yeung Yun Chuen, her spouse, was interested by virtue of the SFO.
4. Ms. Hui Lin Na was deemed to be interested in all the Shares in which Mr. Yeung Yun Kei, her spouse, was interested by virtue of the SFO.
5. These Shares were held by China Sage International Limited. The entire issued shares of China Sage International Limited are owned by Mr. Yeung Wai.
6. Ms. Leung Siu Kuen was deemed to be interested in all the Shares in which Mr. Leung Siu Sun, her spouse, was interested by virtue of the SFO.

Save as disclosed above, as at 30 September 2015, no person, other than the Directors and chief executive of the Company, had registered an interest or short position in the shares or underlying shares of the Company that was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEMES

The Company operates the Schemes for the purpose of motivating eligible participants to optimise their future contributions to the Group and to reward them for the past contributions and to attract and retain or otherwise maintain ongoing relationships with such eligible participants whose contributions are or will be beneficial to the performance, growth or success of the Group.

Eligible participants of the Schemes include the Company's directors, including independent non-executive directors, other employees of the Group and any consultants, business or joint venture partners, franchisees, contractors, agents, representatives or service providers of any member of the Group. The Pre-IPO Share Option Scheme and the Share Option Scheme were adopted by the Company on 28 October 2014 and became effective on 28 October 2014 and 13 November 2014, respectively, and, unless otherwise cancelled or amended, will remain in force for 5 years and 10 years, respectively, from respective effective dates.

The maximum number of shares in respect of which options may be granted under the Schemes and any other schemes by the Company shall not, in aggregate, exceed 10% of the issued share capital of the Company as at the Listing Date unless shareholders' approval has been obtained.

The maximum number of shares issuable under the share options to each eligible participant in the Schemes within any 12-month period is limited to 1% of the Shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in advance in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associate, in excess of 0.1% of the Shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's Shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and may commence from the date of the offer of the share options and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry dates of the Schemes, if earlier.

As at 30 September 2015, there are 49,000,000 outstanding options granted.

As at the date of this interim report, no option has been granted under the Share Option Scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Details of the movements in the Company's outstanding share options granted under the Pre-IPO Share Option Scheme for the period ended 30 September 2015 were as follows:

Name or category of participant	At 1 April 2015	Exercised during the period	Lapsed or cancelled during the period	At 30 September 2015	Date of grant	Exercise period	Exercise price per Share (HK\$)	Closing price of the Shares on the trading day immediately before the date of grant (HK\$)
Directors								
Yeung Wai	8,300,000	–	–	2,739,000	28 October 2014	13 November 2016 to 12 November 2019	0.93	N/A
		–	–	2,739,000	28 October 2014	13 November 2017 to 12 November 2019	0.93	N/A
		–	–	2,822,000	28 October 2014	13 November 2018 to 12 November 2019	0.93	N/A
Yeung Yun Chuen	6,000,000	–	–	1,980,000	28 October 2014	13 November 2016 to 12 November 2019	0.93	N/A
		–	–	1,980,000	28 October 2014	13 November 2017 to 12 November 2019	0.93	N/A
		–	–	2,040,000	28 October 2014	13 November 2018 to 12 November 2019	0.93	N/A
Yeung Yun Kei	4,000,000	–	–	1,320,000	28 October 2014	13 November 2016 to 12 November 2019	0.93	N/A
		–	–	1,320,000	28 October 2014	13 November 2017 to 12 November 2019	0.93	N/A
		–	–	1,360,000	28 October 2014	13 November 2018 to 12 November 2019	0.93	N/A
Leung Siu Sun	4,000,000	–	–	1,320,000	28 October 2014	13 November 2016 to 12 November 2019	0.93	N/A
		–	–	1,320,000	28 October 2014	13 November 2017 to 12 November 2019	0.93	N/A
		–	–	1,360,000	28 October 2014	13 November 2018 to 12 November 2019	0.93	N/A
Employees of the Group								
	29,750,000	–	(1,006,500)	8,811,000	28 October 2014	13 November 2016 to 12 November 2019	0.93	N/A
		–	(1,006,500)	8,811,000	28 October 2014	13 November 2017 to 12 November 2019	0.93	N/A
		–	(1,037,000)	9,078,000	28 October 2014	13 November 2018 to 12 November 2019	0.93	N/A
Total	52,050,000	–	(3,050,000)	49,000,000				

CORPORATE GOVERNANCE AND OTHER INFORMATION

STATUS UPDATE AS TO THE 34 BUILDING ORDERS DISCLOSED IN THE PROSPECTUS

Reference is made to the 34 unreleased building orders registered against our leased premises in the section headed “Business — Building orders and fire safety directions registered against our leased premises” in the Prospectus. Among those 34 building orders, 26 of them had been properly released by the Buildings Authority as well as Buildings Department, while the remaining 8 building orders are pending for the relevant landlord(s) or incorporated owners to carry out the relevant rectification works as disclosed in the Prospectus.

DIVIDENDS

The Board has resolved not to recommend the payment of any dividends for the Reporting Period (Previous Reporting Period: Nil).

PURCHASES, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 17 to the unaudited interim condensed consolidated financial statements, there are no material subsequent events undertaken by the Company or by the Group after 30 September 2015 and up to the date of this interim report.

PUBLICATION OF INTERIM REPORT

The electronic version of this report will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.fulumgroup.com).

APPRECIATION

The Board would like to thank the management and staff of the Group for their hard work and dedication, as well as its shareholders, business partners and associates, bankers and auditors for their support to the Group throughout the period.

The Board of
Fulum Group Holdings Limited
YEUNG WAI

Chairman, Executive Director and Chief Executive Officer

Hong Kong, 25 November 2015

As at the date of this report, the Board comprises Mr. Yeung Wai, Mr. Yeung Yun Chuen, Mr. Yeung Yun Kei and Mr. Leung Siu Sun as executive Directors; and Mr. Fan Chun Wah Andrew, Mr. Lock Kwok On Anthony and Mr. Wu Kam On Keith as independent non-executive Directors.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Six months ended 30 September 2015

The board (the "Board") of Directors of Fulum Group Holdings Limited (the "Company"), together with its subsidiaries (collectively the "Group"), hereby announces the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2015 together with comparative figures for the corresponding period in 2014. The interim condensed consolidated financial statements for the six months ended 30 September 2015 have not been audited, but have been reviewed by the audit committee of the Company (the "Audit Committee").

	Notes	Six months ended 30 September 2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
REVENUE	4	1,308,821	1,159,097
Other income and gains	4	10,438	8,016
Cost of inventories sold		(386,456)	(365,676)
Staff costs		(426,525)	(359,110)
Property rentals and related expenses		(226,190)	(171,497)
Depreciation		(49,210)	(35,096)
Fuel and utility expenses		(91,403)	(85,076)
Other expenses		(106,540)	(97,681)
Finance costs	5	(450)	(674)
PROFIT BEFORE TAX	6	32,485	52,303
Income tax expense	7	(5,061)	(12,210)
PROFIT FOR THE PERIOD AND ATTRIBUTABLE TO OWNERS OF THE COMPANY		27,424	40,093
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
— Basic	9	HK2.11 cents	HK4.11 cents
— Diluted	9	HK2.09 cents	HK4.11 cents

Details of the dividends payable and proposed for the period are disclosed in note 8 below.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 September 2015

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	27,424	40,093
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(625)	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD AND ATTRIBUTABLE TO OWNERS OF THE EQUITY	26,799	40,093

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2015

	Notes	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	236,298	223,844
Goodwill		58,707	58,707
Deposits		82,963	86,504
Intangible assets/deposits paid in relation to intangible assets		13,000	13,000
Deposits for purchases of items of property, plant and equipment		674	5,281
Deferred tax assets		28,723	17,770
Total non-current assets		420,365	405,106
CURRENT ASSETS			
Inventories	11	75,769	72,298
Trade receivables	12	16,075	8,604
Prepayments, deposits and other receivables		68,884	49,656
Tax recoverable		7,412	5,754
Pledged time deposit		2,356	2,356
Cash and cash equivalents		595,742	704,871
Total current assets		766,238	843,539
CURRENT LIABILITIES			
Trade payables	13	86,767	78,286
Other payables, accruals and deferred income		124,097	133,977
Interest-bearing bank borrowings		20,000	50,777
Finance lease payables		391	326
Due to related parties		919	935
Provision		4,552	5,886
Tax payable		23,446	21,401
Total current liabilities		260,172	291,588
NET CURRENT ASSETS		506,066	551,951
TOTAL ASSETS LESS CURRENT LIABILITIES		926,431	957,057

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 September 2015

	Notes	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Accruals and deferred income		18,947	19,764
Finance lease payables		845	679
Provision		23,666	21,603
Deferred tax liabilities		1,995	1,283
Total non-current liabilities		45,453	43,329
Net assets		880,978	913,728
EQUITY			
Equity attributable to owners of the Company			
Issued capital		1,300	1,300
Reserves		879,678	847,428
Proposed final dividend		–	65,000
Total equity		880,978	913,728

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 September 2015

	Attributable to owners of the Company								
	Issued capital	Share premium account	Other reserve	Merger reserve	Share option reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2014 (Audited)	15	76,999	(5,372)	31,073	-	-	181,006	200,000	483,721
Profit for the period and total comprehensive income for the period	-	-	-	-	-	-	40,093	-	40,093
Final 2014 dividend declared	-	-	-	-	-	-	-	(200,000)	(200,000)
At 30 September 2014 (Unaudited)	15	76,999	(5,372)	31,073	-	-	221,099	-	323,814
At 1 April 2015 (Audited)	1,300	540,140*	(5,372)*	31,073*	5,166*	(12)*	276,433*	65,000	913,728
Profit for the period	-	-	-	-	-	-	27,424	-	27,424
Other comprehensive loss for the period									
Exchange differences on translation of foreign operations	-	-	-	-	-	(625)	-	-	(625)
Total comprehensive income for the period	-	-	-	-	-	(625)	27,424	-	26,799
Equity-settled share option arrangement	-	-	-	-	5,451	-	-	-	5,451
Final 2015 dividend declared	-	-	-	-	-	-	-	(65,000)	(65,000)
At 30 September 2015 (Unaudited)	1,300	540,140*	(5,372)*	31,073*	10,617*	(637)*	303,857*	-	880,978

* These reserve accounts comprise the consolidated reserves of HK\$879,678,000 (31 March 2015: HK\$847,428,000) in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 September 2015

		Six months ended 30 September	
	Notes	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		32,485	52,303
Adjustments for:			
Depreciation		49,210	35,096
Interest income	4	(3,809)	(9)
Finance costs	5	450	674
Equity-settled share option expenses	6	5,451	–
Write-off of items of property, plant and equipment	6	–	166
		83,787	88,230
Decrease/(increase) in inventories		(3,499)	11,979
Increase in trade receivables		(7,479)	(19,632)
Increase in prepayments, deposits and other receivables		(15,763)	(39,608)
Increase in trade payables		8,601	27,256
Increase/(decrease) in other payables, accruals and deferred income		(10,934)	10,790
Decrease in provision		(588)	(319)
		54,125	78,696
Cash generated from operations		54,125	78,696
Interest received		3,809	9
Interest element of finance lease rental payments		(35)	(29)
Hong Kong profits tax paid		(14,916)	(20,453)
		42,983	58,223
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(51,090)	(43,826)
Deposit in relation to intangible assets		–	(6,500)
Deposits paid for purchase of items of property, plant and equipment		(4,288)	(1,019)
Increase in amounts due from shareholders		–	(2,515)
Increase in a pledged time deposit		–	(5)
		(55,378)	(53,865)
Net cash flows used in investing activities		(55,378)	(53,865)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Six months ended 30 September 2015

	Notes	Six months ended 30 September	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank loan		(30,000)	–
Capital element of finance lease rental payments		(210)	(141)
Dividends paid		(65,000)	–
Repayment to related parties		(16)	(247,532)
Advance from related parties		–	228,209
Interest paid		(415)	(645)
Net cash flows used in financing activities		(95,641)	(20,109)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		704,094	253,946
Effect of foreign exchange rate changes, net		(316)	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD		595,742	238,195
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents as stated in the condensed consolidated statement of financial position		595,742	238,196
Bank overdrafts, unsecured		–	(1)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		595,742	238,195

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 September 2015

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 24 February 2014. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at 15th Floor, Luk Hop Industrial Building, 8 Luk Hop Street, San Po Kong, Kowloon, Hong Kong.

The Company is an investment holding company and the Company's subsidiaries were principally engaged in restaurant operations in Hong Kong. The shares of the Company (the "Shares") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 November 2014 (the "Listing").

2. BASIS OF PRESENTATION AND PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 September 2015 have been prepared in accordance Hong Kong Accounting Standards 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2015.

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those used in the annual financial statements of the Group for the year ended 31 March 2015, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs"), which are effective for the Group's accounting period beginning on or after 1 April 2015.

Amendments to HKAS 19

Annual Improvements

2010–2012 Cycle

Annual Improvements

2011–2013 Cycle

Defined Benefit Plans: Employee Contributions

Amendments to a number of HKFRSs

Amendments to a number of HKFRSs

The adoption of these revised HKFRSs has had no significant financial effect on the unaudited interim condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2015

2. BASIS OF PRESENTATION AND PREPARATION (Continued)

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the unaudited interim condensed consolidated financial statements.

HKFRS 9	<i>Financial Instruments</i> ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
HKFRS 14	<i>Regulatory Deferral Accounts</i> ³
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to HKAS 1	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ¹
<i>Annual Improvements 2012–2014 Cycle</i>	<i>Amendments to a number of HKFRSs</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2015

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in restaurant operations in Hong Kong. Information reported to the Group's management for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

INFORMATION ABOUT GEOGRAPHICAL AREAS

Since over 90% (six months ended 30 September 2014: 100%) of the Group's revenue and profit were generated from restaurant operations in Hong Kong and over 90% (31 March 2015: over 90%) of the Group's non-current assets were located in Hong Kong during the period, no geographical segment information in accordance with HKFRS 8 *Operating Segments* is presented.

INFORMATION ABOUT MAJOR CUSTOMERS

Since no revenue derived from sales to a single customer of the Group has individually accounted for over 10% of the Group's total revenue during the period, no information about major customers in accordance with HKFRS 8 *Operating Segments* is presented.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the gross revenue from restaurant operations and net invoiced value of goods and other operating items sold, after allowances for returns and trade discounts. An analysis of revenue, other income and gains is as follows:

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue		
Restaurant operations	1,270,866	1,118,443
Sale of food and other operating items	37,955	40,654
	1,308,821	1,159,097
Other income and gains		
Bank interest income	3,809	9
Licensing income	1,158	886
Sponsorship income	2,364	2,291
Ticketing income	–	3,240
Others	3,107	1,590
	10,438	8,016

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2015

5. FINANCE COSTS

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank overdrafts and bank loan	415	27
Interest on finance leases	35	29
Interest on loans from a related company	–	618
	450	674

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Lease payments under operating leases in respect of land and buildings:		
Minimum lease payments	188,741	144,792
Contingent rents	3	92
	188,744	144,884
Employee benefit expenses (including directors' remuneration):		
Salaries, bonuses and other allowances	404,513	344,439
Equity-settled share option expense	5,451	–
Retirement benefit scheme contributions (defined contribution scheme)	16,561	14,671
	426,525	359,110
Listing expenses	–	11,981
Write-off of items of property, plant and equipment	–	166
Foreign exchange differences, net	5,123	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2015

7. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Hong Kong profits tax has been provided on the estimated assessable profits arising in Hong Kong at a rate of 16.5% (six months ended 30 September 2014: 16.5%) during the period.

No provision for corporate income tax has been made for the Company's subsidiaries in the People's Republic of China ("PRC" or "China") as these subsidiaries did not generate any assessable profits in the PRC during the current and prior periods.

8. DIVIDEND

The proposed final dividend of HK\$65,000,000 for the year ended 31 March 2015 was approved by the Company's shareholders on 14 August 2015.

The Directors do not recommend the payment of any dividends in respect of the period (six months ended 30 September 2014: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts for the period is based on profit for the six months ended 30 September 2015 attributable to ordinary equity holders of the Company of HK\$27,424,000 (2014: HK\$40,093,000) and the weighted average number of ordinary shares of 1,300,000,000 (2014: 975,000,000) in issue and issuable during the period.

The calculation of the diluted earnings per share amounts is based on the profit for the six months ended 30 September 2015 attributable to ordinary equity holders of the Company of HK\$27,424,000 (2014: HK\$40,093,000), and the weighted average number of ordinary shares of 1,300,000,000 (2014: 975,000,000), as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 9,715,517 (2014: Nil) assumed to have been issued at no consideration on the deemed exercise of all share options into ordinary shares.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2015

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(Continued)*

The calculations of basic and diluted earnings per share are based on:

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	27,424	40,093
	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the period, used in the basic earnings per share calculation	1,300,000,000	975,000,000
Effect of dilution — weighted average number of ordinary shares: Share options	9,715,517	—
	1,309,715,517	975,000,000

10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired items of property, plant and equipment of HK\$61,361,000 (six months ended 30 September 2014: HK\$46,615,000).

11. INVENTORIES

	30 September 2015	31 March 2015
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Food and beverages	72,855	68,719
Other operating items for restaurant operations	2,914	3,579
	75,769	72,298

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2015

12. TRADE RECEIVABLES

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Credit card receivables	3,181	3,353
Others	12,894	5,251
	16,075	8,604

The Group's trading terms with its customers are mainly on cash and credit card settlement, except for well established corporate customers for which the credit terms are ranging from 45 to 90 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Neither past due nor impaired	14,820	5,142
1 to 3 months past due	878	2,940
3 to 12 months past due	352	35
Over 12 months past due	25	487
	16,075	8,604

Receivables that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a few customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2015

13. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Within 1 month	68,634	55,250
1 to 3 months	17,490	21,901
3 to 12 months	457	351
Over 12 months	186	784
	86,767	78,286

The trade payables are non-interest-bearing and generally have payment terms of 45 to 90 days.

14. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in these unaudited interim condensed consolidated financial statements, the Group had the following material transactions with related parties during the period:

	Six months ended 30 September 2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Related companies*:		
Sale of food	–	25
Sale of other operating items	–	7
Purchase of food	793	33,504
Rental fee paid	39,923	37,347

* These related companies were controlled by the controlling shareholders and/or their family members.

The transactions were conducted at terms and conditions mutually agreed between the relevant parties. The Directors are of the opinion that those related party transactions were conducted in the ordinary course of business of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2015

14. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Other transactions with related parties:

- (i) During the six months ended 30 September 2014, Mr. Yeung Wai, a director of the Company, provided personal guarantees of HK\$34,412,000 in respect of the Group's bank guarantee given in lieu of rental and utility deposits. Such personal guarantees had been fully released upon the Listing.
- (ii) During the six months ended 30 September 2014, certain subsidiaries of the Group provided guarantees in respect of facilities granted to companies controlled by certain directors of the Company. Such guarantees had been fully released upon the Listing.

(c) Compensation of key management personnel of the Group is as follows:

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short term employee benefits	4,239	4,490
Post-employment benefits	78	68
Equity-settled share option expense	3,083	–
	7,400	4,558

15. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had contingent liabilities of HK\$56,986,000 (31 March 2015: HK\$43,434,000), in respect of bank guarantees given in lieu of rental and utility deposits.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Six months ended 30 September 2015

16. COMMITMENTS

(A) OPERATING LEASE ARRANGEMENTS — AS LESSEE

The Group leases certain of its restaurants, office premises and warehouses under operating lease arrangements. Leases for these properties are negotiated for terms ranging from one to twelve years.

As at the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)
Within one year	390,386	336,404
In the second to fifth years, inclusive	404,205	497,409
Beyond five years	205,277	31,187
	999,868	865,000

In addition, the operating lease rentals for certain restaurants are based on the higher of a fixed rental and a contingent rent based on the sales of these restaurants pursuant to the terms and conditions as set out in the respective rental agreements. As the future sales of these restaurants could not be reliably determined, the relevant contingent rent has not been included above and only the minimum lease commitments have been included in the above table.

(B) CAPITAL COMMITMENTS

In addition to the operating lease commitments above, at the end of the reporting period, the Group had the capital commitments contracted, but not provided for property, plant and equipment of HK\$5,072,000 (31 March 2015: HK\$28,602,000).

17. EVENTS AFTER THE REPORTING PERIOD

On 20 October 2015, Glory Food Service Limited, an indirect wholly-owned subsidiary of the Company (as tenant) entered into a tenancy agreement with Sino Horse Investment Limited which is wholly-owned by Mr. Yeung Wai, an executive Director, the Chairman, the Chief Executive Officer and a beneficial shareholder of the Company (as landlord) for leasing Shop A on the basement of Kimberly House, No. 35 Kimberly Road, Kowloon, Hong Kong for a term of three years commencing from 1 November 2015 to 31 October 2018.



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